UNITED NATIONS

DP

Governing Council of the United Nations Development Programme

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Thirty-seventh session
28 May-22 June 1990, New York
Item 9 (e) of the provisional agenda

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Audit reports

Note by the Administrator

Summary

The present note summarizes significant observations of the external auditors of the executing agencies on their 1988 accounts relating to funds allocated to them by the United Nations Development Programme. Document DP/1990/69/Add.1 contains the audited accounts and audit reports of the executing agencies as at 31 December 1988.

INTRODUCTION

1. The external audit reports and audited accounts of executing agencies relating to funds allocated to them by the United Nations Development Programme (UNDP) as at 31 December 1988, submitted in accordance with regulation 17.1 of the UNDP Financial Regulations, are contained in the addendum to the present document (DP/1990/69/Add.1), together with a summary of the status of funds submitted by all executing agencies as at 31 December 1988. Sections II to XII of the present document contain the Administrator's comments on significant observations made in the audit reports of those agencies. It should be noted that since 1988 was the first year of the biennial period used by the United Nations system, the audit reports being presented this year do not include reports in respect of those organizations which, under their own financial regulations, submit audited financial statements only at the end of each biennium.

II. UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

2. The external auditors expressed an unqualified opinion on the financial statement.

III. INTERNATIONAL CIVIL AVIATION ORGANIZATION

3. The external auditors stated that their review did not disclose any weaknesses in the internal controls or any other reportable conditions which would have resulted in a qualified opinion of the financial statement.

IV. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK)

4. The external auditors reported that the financial statements represented fairly in all material respects the status of funds and expenditures of the Bank as executing agency for certain United Nations Development Programme projects. Although the financial statements were not qualified, there were certain operational issues that were noted by the auditors that required follow-up action by the Bank. The Administrator is pleased to note that the management has taken action to remedy the weaknesses in internal controls.

5. The following were the most notable of the issues reported by the auditors:

(a) The existing policies governing the accounting for project accruals and monitoring of project financial performance were not being followed. The Bank Disbursements Officers have now issued guidelines and procedures for the 1989 year-end accruals and have held several workshops with the Disbursement Assistants to discuss these guidelines.

(b) Several errors were noted in the reconciliation of the General Ledger Fund balance with the UNDP Operating Fund Statement that required adjustments to the 1988 financial statements. The auditors recommended that the management review current procedures in connection with the reconciliation of the General Ledger Fund balance to the Operating Fund Services in order to produce timely, accurate and thorough reconciliations. The bank has subsequently created a separate accounting unit that is responsible for recording the transactions in the UNDP Operating Fund and reconciliations are now being done on a monthly basis.

V. UNIVERSAL POSTAL UNION

6. The external auditors of the Universal Postal Union (UPU) issued an unqualified opinion of the financial statement at 31 December 1988. The Administrator is pleased to note that the difference of $501,370 between the opening balance in the accounting records of UPU at 1 January 1988 and the closing balance on the UNDP final Operating Fund Statement 88-10 has subsequently been reconciled and resolved between UNDP and UPU.

VI. INTERNATIONAL TELECOMMUNICATION UNION

7. The external auditors of the International Telecommunication Union issued an unqualified opinion on the financial statement. They also reported that as part of their review, they examined the available documentation for selected projects financed by UNDP. The principal objective of their review was to assess the development and implementation of the projects, with particular reference to the financial, staff and inventory aspects.

8. In summary, the external auditors found that (a) projects were implemented in accordance with UNDP guidelines and (b) the accounting records were properly maintained and that accounting entries were in agreement with the supporting documentation.

VII. INTERNATIONAL MARITIME ORGANIZATION

9. The external auditors conducted a review of the accounting procedures and tests of the accounting records and were satisfied with the results of their tests. There were no weaknesses in the internal controls, or any other reportable conditions which would have resulted in a qualified audit opinion.

VIII. WORLD INTELLECTUAL PROPERTY ORGANIZATION

10. The external auditors reported that the financial statement was accurate and that the accounting records agreed with the supporting documentation. The auditors were therefore in a position to issue an unqualified opinion.

IX. INTERNATIONAL ATOMIC ENERGY AGENCY

11. The external auditors certified the financial statement and supporting schedules as correct and issued an unqualified opinion.

X. WORLD TOURISM ORGANIZATION

12. The external auditors reported that the financial statement was accurate and that the accounting records agreed with the supporting documentation. The auditors were therefore in a position to issue an unqualified opinion.

XI. AFRICAN DEVELOPMENT BANK

13. The external auditors stated that in their opinion the financial statement presented fairly the financial position of the project executed by the Bank at 31 December 1988 and the results of their operations for the year then ended.

XII. ASIAN DEVELOPMENT BANK

14. The external auditors issued an unqualified opinion on the financial statement at 31 December 1988 of the project that is executed by the Bank. The following is a summary of their observations and conclusions:

(a) UNDP-financed projects assigned to the Asian Development Bank as an executing agency were administered on a regular and timely basis;

(b) The Bank takes appropriate follow-up action, to the extent practicable, on problems identified in consultants' progress reports;

(c) The Bank complies with its established procurement procedures in relation to the hiring of consultants;

(d) No material weaknesses were identified in the system of internal accounting control.

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SUPPORT

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Audit reports

Addendum

90-01288

Contents

Pages

Summary of the status of funds of the executing agencies.....3

Audited accounts of the Participating and Executing Agencies and reports of External Auditors

United Nations Industrial Development Organization (UNIDO).....6

International Civil Aviation Organization (ICAO).....7

World Bank (IBRD).....10

Universal Postal Union (UPU).....25

International Telecommunication Union (ITU).....31

Internatonal Maritime Organization (IMO).....40

World Intellectual Property Organization (WIPO).....43

International Atomic Energy Agency (IAEA).....49

World Tourism Organization (WTO).....51

African Development Bank (ADB).....53

Asian Development Bank (AsDB).....56

United Nations Development Programme (UNDP) as an executing agency for its projects.....63

/...

UNITED NATIONS DEVELOPMENT PROGRAMME

Summary of the Unaudited/Audited Status of Funds Submitted by the Executing Agencies as at 31 December 1988 (expressed in US Dollars)

	UNHQS	ECA	ECE	ECLAC	ESCWA	ESCAP	FAO	IAEA *	ILO
Operating Fund									
Balance at 1 January 1988	(18,089,472)	(2,036,150)	18,807	(2,614,125)	(234,854)	(608,505)	(17,344,576)	(968,096)	(6,697,647)
Add: Cash drawings from UNDP	69,207,765	6,350,000	50,000	4,200,000	174,000	2,485,300	63,367,622	-	44,455,015
IOVs	68,367,000	1,871,138	37,928	2,437,048	335,993	2,726,760	94,506,347	2,123,788	21,679,683
Other charges (net)	(32,815,284)	(277,603)	(39,150)	(2,052,448)	(38,212)	362,199	(1,612,744)	-	(197,731)
Miscellaneous income and exchange adjustments (net)	66,923	-	(26)	-	1,255	68,864	(417,515)	(10,871)	357,270
Miscellaneous items refunded to (by) UNDP (net)	99,012	2,324	(1,487)	9,812	-	-	(288,165)	-	(29,582)
Expenses incurred on completed projects	-	-	-	-	-	-	-	-	-
	86,835,944	5,909,709	66,072	1,980,287	238,182	5,034,618	138,210,969	1,144,821	59,567,008
Deduct: Expenditure during 1988									
For Projects: disbursements	69,827,283	4,156,735	283,164	1,545,098	48,530	4,524,425	126,115,481	1,602,304	50,198,862
unliq. obligations	27,375,868	2,388,557	25,214	363,545	152,496	2,166,128	30,512,233	1,343,902	7,658,109
For programme support costs	12,256,426	850,887	40,282	248,124	26,133	869,771	20,240,134	647,576	7,475,299
Miscellaneous items	-	-	-	-	-	-	-	-	-
Additional audit services	-	-	-	-	-	-	-	-	-
	109,459,577	7,396,179	348,660	2,156,767	227,159	7,560,324	176,867,848	3,593,782	65,332,270
	(22,623,633)	(1,486,470)	(282,588)	(176,480)	11,023	(2,525,706)	(38,656,879)	(2,448,961)	(5,765,262)
Add/ Subtract: Adjustment to prior year's expenditure	-	55,019	-	-	-	-	-	-	-
Adjustment to prior year's programme support costs	-	7,152	-	-	-	-	-	-	-
	0	62,171	0	0	0	0	0	0	0
Balance as at 31 December 1988	(22,623,633)	(1,424,299)	(282,588)	(176,480)	11,023	(2,525,706)	(38,656,879)	(2,448,961)	(5,765,262)
Represented by:									
Cash at bank, on hand and in transit	4,341,273	509,191	-	-	659	500,338	6,198,526	(1,167,833)	5,446,150
Due from other Funds	-	-	-	-	-	-	-	-	-
Accounts Receivable	5,425,103	985,236	87,557	601,215	238,924	630,392	10,956,522	1,357,120	2,168,438
Deferred charges	-	749,500	-	-	-	-	-	-	-
	9,766,376	2,243,927	87,557	601,215	239,583	1,130,730	17,155,048	189,287	7,614,588
Deduct: Due to other funds	-	-	-	-	-	-	-	-	-
Accounts Payable	5,014,141	1,279,669	344,931	414,150	76,064	1,490,308	25,299,694	1,294,346	5,721,741
1988 Unliquidated Obligations	27,375,868	2,388,557	25,214	363,545	152,496	2,166,128	30,512,233	1,343,902	7,658,109
	32,390,009	3,668,226	370,145	777,695	228,560	3,656,436	55,811,927	2,638,248	13,379,850
Balance as above a/	(22,623,633)	(1,424,299)	(282,588)	(176,480)	11,023	(2,525,706)	(38,656,879)	(2,448,961)	(5,765,262)

a/ Explanatory Note:

The amounts credited to the above Operating Fund Statements are recorded on a cash basis, i.e. cash actually remitted or payments already made by UNDP on behalf of the executing agencies. Expenditure, however, is recorded on an accrual basis, i.e. includes unliquidated obligations for which the executing agencies will receive the necessary funds from UNDP at or near the time of disbursement. At any reporting date, therefore, the expenditure incurred normally exceeds the funds received and for this reason the balance of funds is normally negative.

* Represents Audited balances at 31 December 1988

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UNITED NATIONS DEVELOPMENT PROGRAMME

Summary of the Unaudited/Audited Status of Funds Submitted by the Executing Agencies as at 31 December 1988 (expressed in US Dollars)

Operating Fund	UNIDO *	ICAO *	UPU *	ITU *	IMO *	WIPO *	WTO *	AsDB *	ADB *
Balance at 1 January 1988	(20,904,893)	(1,753,857)	(469,374)	(5,873,628)	(944,347)	158,583	162,012	(1,306,340)	(550,334)
Add: Cash drawings from UNDP	59,139,755	23,950,000	781,392	17,793,731	5,329,306	961,199	1,524,000	8,023,696	1,349,044
IOVs	23,991,988	11,325,848	2,014,626	9,992,039	1,491,308	1,992,208	455,153	292,260	-
Other charges (net)	(4,376,075)	127,177	(43,158)	(3,303,766)	(505,525)	(200,515)	(541,854)	29,249	5,765
Miscellaneous income and exchange adjustments (net)	(72,516)	255,452	12,637	22,524	16,284	12,842	27,945	33,011	2,820
Miscellaneous items refunded to (by) UNDP (net)	22,019	5,376	(22,648)	-	9,199	(1,143)	6,100	1,711	-
Expenses incurred on completed projects	-	-	-	(7,820)	-	-	-	-	-
	57,800,278	33,909,996	2,273,475	18,623,080	5,396,225	2,923,174	1,633,356	7,073,587	807,295
Deduct: Expenditure during 1988									
For Projects: disbursements	45,759,126	27,224,419	1,514,225	17,805,105	4,135,695	2,516,565	1,355,270	4,939,098	879,683
unliq. obligations	31,191,922	11,310,519	648,239	4,654,921	1,071,185	624,221	163,359	2,028,005	120,216
For programme support costs	9,974,612	4,801,111	475,742	2,767,682	1,100,000	691,224	334,098	905,723	129,987
Miscellaneous items	-	-	4,982	-	-	-	-	-	-
Additional audit services	-	-	-	-	-	-	-	13,000	-
	86,925,660	43,336,049	2,643,188	25,227,708	6,306,880	3,832,010	1,852,727	7,885,826	1,129,886
	(29,125,382)	(9,426,053)	(369,713)	(6,604,628)	(910,655)	(908,836)	(219,371)	(812,239)	(322,591)
Add/ Subtract: Adjustment to prior year's expenditure	-	-	-	-	-	-	-	-	-
Adjustment to prior year's programme support costs	(1,517,000)	49,499	(60,090)	-	88,000	-	-	-	-
	(1,517,000)	49,499	(60,090)	0	88,000	0	0	0	0
Balance as at 31 December 1988	(30,642,382)	(9,376,554)	(429,803)	(6,604,628)	(822,655)	(908,836)	(219,371)	(812,239)	(322,591)
Represented by:									
Cash at bank, on hand and in transit	2,893,195	1,502,158	121,176	(985,111)	370,096	12,480	3,264	587,926	227,867
Due from other Funds	-	443,558	-	-	-	-	-	-	-
Accounts Receivable	20,573,107	1,620,035	260,694	924,350	375,282	34,563	57,103	898,701	2,365
Deferred Charges	-	-	-	-	-	-	-	-	-
	23,466,302	3,565,751	381,870	(60,761)	745,378	47,043	60,367	1,486,627	230,232
Deduct: Due to other funds	-	78,857	-	-	-	-	-	-	-
Accounts Payable	22,916,762	1,552,929	163,434	1,888,946	496,848	331,658	116,379	270,861	432,607
1988 Unliquidated Obligations	31,191,922	11,310,519	648,239	4,654,921	1,071,185	624,221	163,359	2,028,005	120,216
	54,108,684	12,942,305	811,673	6,543,867	1,568,033	955,879	279,738	2,298,866	552,823
Balance as above a/	(30,642,382)	(9,376,554)	(429,803)	(6,604,628)	(822,655)	(908,836)	(219,371)	(812,239)	(322,591)

a/ Explanatory Note:

The amounts credited to the above Operating Fund Statements are recorded on a cash basis, i.e. cash actually remitted or payments already made by UNDP on behalf of the executing agencies. Expenditure, however, is recorded on an accrual basis, i.e. includes unliquidated obligations for which the executing agencies will receive the necessary funds from UNDP at or near the time of disbursement. At any reporting date, therefore, the expenditure incurred normally exceeds the funds received and for this reason the balance of funds is normally negative.

* Represents Audited balances at 31 December 1988

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UNITED NATIONS DEVELOPMENT PROGRAMME

Summary of the Unaudited/Audited Status of Funds Submitted by the Executing Agencies as at 31 December 1988 (expressed in US Dollars)

	ITC	UNCHS	UNCTAD	UNESCO	WHO	WMO	IMRD *	SUBTOTAL	GOVERNMENTS	UNDP	TOTAL
Operating Fund											
Balance at 1 January 1988	(1,024,686)	(3,195,085)	(627,028)	(4,832,608)	(1,493,078)	(666,549)	(3,368,689)	(95,264,519)	9,478,491	(20,143,162)	(105,929,190)
							(38,760)*	(38,760)*			(38,760)
Add: Cash drawings from UNDP	8,198,482	6,160,419	7,153,606	14,822,000	19,291,858	7,617,572	58,639,035	431,024,797	96,008,115	-	527,032,912
IOWs	4,895,631	8,051,163	2,672,883	20,784,360	5,973,972	6,648,280	13,791,372	308,458,776	-	93,491,483	401,950,259
Other charges (net)	162,835	(45,532)	545,444	(6,140,659)	(997,991)	(697,516)	730,391	(51,922,703)	2,789,246	-	(49,133,457)
Miscellaneous income and exchange adjustments (net)	23,485	69,848	28,729	(30,617)	(25,150)	1,326	(8,228)	(8,228)	-	23,236	(8,228)
Miscellaneous items refunded to (by) UNDP (net)	21,867	(27,265)	(47,453)	84,214	51,124	8,218	(622,192)	(177,672)	-	32,332	(154,436)
Expenses incurred on completed projects	-	-	-	-	-	-	(1,251,943)	(1,251,943)	-	-	(1,251,943)
							(33,152)	(129,919)	-		(97,587)
							-	(7,820)	-	-	(7,820)
	12,277,614	11,013,548	9,726,181	24,686,690	22,800,735	12,911,331	67,837,834	590,682,009	108,275,852	73,403,889	772,361,750
Deduct: Expenditure during 1988											
For Projects: disbursements	9,344,538	10,745,431	7,124,571	21,102,483	15,631,933	9,586,736	49,418,879	487,385,639	95,099,874	64,875,505	647,361,018
unliq. obligations	3,158,487	5,323,580	1,756,450	9,721,466	4,627,643	3,634,182	9,021,499	161,041,946	-	25,622,149	186,664,095
For programme support costs	1,619,905	2,087,158	1,160,702	3,962,574	2,299,515	2,080,000	6,302,401	83,347,066	1,101,000	8,528,384	92,976,450
Miscellaneous items	-	-	-	-	-	-	10,500	15,482	-	-	15,482
Additional audit services	-	-	-	-	-	-	-	13,000	-	-	13,000
	14,122,930	18,156,169	10,041,723	34,786,523	22,559,091	15,300,918	64,753,279	731,803,133	96,200,874	99,026,038	927,030,045
	(1,845,316)	(7,142,621)	(315,542)	(10,099,833)	241,644	(2,389,587)	3,084,555	(141,121,124)	12,074,978	(25,622,149)	(154,668,295)
Add/ Subtract: Adjustment to prior year's expenditure	-	-	-	-	-	-	-	55,019	-	-	55,019
Adjustment to prior year's programme support costs	-	-	-	-	-	-	-	(1,432,439)	-	-	(1,432,439)
	0	0	0	0	0	0	0	(1,377,420)	0	0	(1,377,420)
Balance as at 31 December 1988	(1,845,316)	(7,142,621)	(315,542)	(10,099,833)	241,644	(2,389,587)	3,084,555	(142,498,544)	12,074,978	(25,622,149)	(156,045,715)
Represented by:											
Cash at bank, on hand and in transit	556,558	388,531	41,304	1,584,009	-	1,454,360	7,270,587	31,856,704	-	-	31,856,704
Due from other Funds	-	-	-	-	-	-	2,540,732	2,984,290	-	-	2,984,290
Accounts Receivable	825,935	364,873	2,544,461	1,577,464	4,869,287	624,454	5,507,086	63,510,267	13,758,418	-	77,268,685
Deferred charges	-	-	-	-	-	-	-	749,500	-	-	749,500
	1,382,493	753,404	2,585,765	3,161,473	4,869,287	2,078,814	15,318,405	99,100,761	13,758,418	0	112,859,179
Deduct: Due to other funds	-	-	-	-	-	-	-	78,857	-	-	78,857
Accounts Payable	69,322	2,572,445	1,144,857	3,539,840	-	834,219	3,212,351	80,478,502	1,683,440	-	82,161,942
1988 Unliquidated Obligations	3,158,487	5,323,580	1,756,450	9,721,466	4,627,643	3,634,182	9,021,499	161,041,946	-	25,622,149	186,664,095
	3,227,809	7,896,025	2,901,307	13,261,306	4,627,643	4,468,401	12,233,850	241,599,305	1,683,440	25,622,149	268,904,894
Balance as above a/	(1,845,316)	(7,142,621)	(315,542)	(10,099,833)	241,644	(2,389,587)	3,084,555	(142,498,544)	12,074,978	(25,622,149)	(156,045,715)

a/ Explanatory Note:

The amounts credited to the above Operating Fund Statements are recorded on a cash basis, i.e. cash actually remitted or payments already made by UNDP on behalf of the executing agencies. Expenditure, however, is recorded on an accrual basis, i.e. includes unliquidated obligations for which the executing agencies will receive the necessary funds from UNDP at or near the time of disbursement. At any reporting date, therefore, the expenditure incurred normally exceeds the funds received and for this reason the balance of funds is normally negative.

* Represents Audited balances at 31 December 1988

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STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME
(Name of Participating and Executing Agency)
UNIDO

Status of Funds as at 31 December 1988
(in US dollars)

Operating Fund

		$	$
Balance at 1 January 1988			(20,904,893)
Add: Cash drawings from UNDP		59,139,755	
IOVs		23,991,988	
Other charges/credits (net)		(4,376,075)	
Miscellaneous income and exchange adjustments (net)		(72,516)	
Miscellaneous items refunded to UNDP (net)		22,019	78,705,171
			57,800,278
Deduct: Expenditure during 1988			
For projects			
Disbursements	(Schedule 1A)	45,759,126	
Unliquidated obligations	(Schedule 1A)	31,191,922	
For programme support costs	(Schedule 1A)	9,974,612	86,925,660
			(29,125,382)
Deduct: Adjustment to prior year's expenditure (Schedule 1B)			
Adjustment to prior year's programme support costs - increase to 14%		1,517,000	1,517,000
Balance at 31 December 1988			(30,642,382)
Represented by:			
Cash at banks, on hand and in transit		2,893,195	
Accounts receivable (Schedule 8)		20,573,107	23,466,302
Less: Accounts payable (Schedule 9)		22,916,762	
1988 Unliquidated obligations (Schedule 1A)		31,191,922	54,108,684
			(30,642,382)

CERTIFIED CORRECT

H. Pichler
Director
Financial Services Division

APPROVED

A.L. Siazon, Jr.
Director-General

AUDIT OPINION

The above Statement and related Schedules have been examined in accordance with my directions which provided for a limited review of the accounting procedures and tests of the accounting records as considered necessary in the circumstances. I have obtained all the information and explanation that I have required and I am of the opinion that the Statement properly reflects the recorded financial transactions for the period concerned.

Brussels, 13 April 1989.

Jeroom L.E. VAN de VELDE.
Senior President of the Court of Audit
BELGIUM

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INTERNATIONAL CIVIL AVIATION ORGANIZATION

UNITED NATIONS DEVELOPMENT PROGRAMME

Notes to the Statement of the Status of Funds

(Statement IX)

31 December 1988

1. Nature of Activities

Under the United Nations Development Programme (UNDP), the execution of projects related to civil aviation, financed by UNDP, is delegated to the International Civil Aviation Organization (ICAO).

2. Significant Accounting Policies

(a) Method of Accounting

The Statement of the Status of Funds has been prepared in accordance with the format and directives prescribed by UNDP. The accounts of ICAO are recorded in United States dollars. Transactions and account balances in other currencies are converted into United States dollars at the United Nations operational rates of exchange.

(b) Expenditures for Projects

Expenditures include disbursements and unliquidated obligations for which funds have been provided in approved project budgets in the current year. Expenditures are accounted for as follows:

- for experts: on the basis of services rendered to the end of the year;
- for equipment: on the basis of purchase orders or signed contractual agreements issued to the end of the year;
- for training: on the basis of the costs incurred for fellowships to the end of the year;
- for sub-contracts: on the basis of the payment schedule included in the contract with the sub-contractor;
- for miscellaneous: on the basis of issuance of authorization to pay for miscellaneous goods or services delivered or for which firm orders have been placed for delivery in the current year.

(c) Programme Support Costs

Programme support costs are calculated on project expenditures on a basis determined by UNDP.

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AUDIT OPINION

To the Assembly
International Civil Aviation Organization

I have examined the statements of the Status of Funds of the International Civil Aviation Organization as Executing Agency of the United Nations Development Programme, Statements IX and X and relevant schedules, for the financial period ended 31 December 1988. My examination was made in accordance with generally accepted auditing standards, conforming with internationally recognized auditing guidelines and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency, and accordingly included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

As a result of the examination, I am of the opinion that these Statements of the Status of Funds properly reflect the recorded financial transactions for the financial period, which transactions were in accordance with the Financial Regulations and Rules of the United Nations Development Programme and legislative authority, and present fairly the financial position as at 31 December 1988, in conformity with the accounting policies described in Note 2 to the Statements applied on a basis consistent with that of the preceding financial period.

Kenneth M. Dye, F.C.A.
(Auditor General of Canada)
External Auditor

Ottawa, Canada
15 May 1989

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STATEMENT IX

INTERNATIONAL CIVIL AVIATION ORGANIZATION

UNITED NATIONS DEVELOPMENT PROGRAMME

STATEMENT OF THE STATUS OF FUNDS

AS AT 31 DECEMBER 1988

(in United States dollars)

	1988		1987	
OPERATION FUND				
Balance at beginning of year		(1 753 857)		(10 669 620)
Add:				
Cash drawings from UNDP	23 950 000		30 630 000	
Inter-office vouchers	11 325 848		11 508 737	
Other charges/credits (net)	127 177		5 584	
Miscellaneous income and exchange adjustments	255 452		292 506	
Miscellaneous items to be refunded to UNDP	5 376	35 663 853	(93)	42 436 734
		33 909 996		31 767 114
Deduct:				
Expenditures during the year (Schedules H,I,J)				
For projects				
Disbursements	27 224 419		24 467 759	
Unliquidated obligations	11 310 519		5 397 886	
For programme support costs	4 801 111	43 336 049	3 655 326	33 520 971
		(9 426 053)		(1 753 857)
Add:				
Adjustment to prior year's programme support costs		49 499		
Balance at end of year		(9 376 554)		(1 753 857)
REPRESENTED BY				
Cash in banks, on hand and in transit		1 502 158		3 211 802
Due from other Funds				
AOSC Fund	52 447		447 912	
Aeronautical Technical Training Fund			79	
ICAO General Fund	111 960		336 495	
Termination Payment Fund			57 504	
Edward Warner Fund	2 084			
Governments' Trust Fund accounts	214 331		335 465	
UNDP Administered Trust Funds	62 736	443 558	101 814	1 279 269
Accounts receivable and sundry debit balances		1 620 035		1 312 909
		3 565 751		5 803 980
Less:				
Due to other Funds				
Aeronautical Technical Training Fund	19 681			
Governments' Trust Fund accounts	59 176	78 857	188 146	188 146
Accounts payable and sundry credit balances		1 552 929		1 971 805
Unliquidated obligations - current year		11 310 519		5 397 886
		12 942 305		7 557 837
		(9 376 554)		(1 753 857)

Certified correct:

S. Miyazaki
Chief, Finance Branch

Approved:

S. S. Sidhu
Secretary General

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1801 K Street, N.W.
Washington, DC 20006
Telephone 202 833 7940

Price Waterhouse

Report of Independent Accountants

May 3, 1989

To the International Bank for Reconstruction
and Development and Board of Auditors
United Nations

We have audited the accompanying Statement of Status of Funds (Statement I), Statement of Expenditure by Source of Funds (Statement II), and Statement of Expenditures (Statement III) of the International Bank for Reconstruction and Development (the Bank) as Executing Agency for certain United Nations Development Programme projects for the year ended December 31, 1988. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared in conformity with the format and accounting practices prescribed by the United Nations Development Programme and are not intended to be a presentation in conformity with generally accepted accounting principles. This report is intended solely for the International Bank of Reconstruction and Development for filing with the United Nations Development Programme and other interested parties and should not be used for any other purpose.

In our opinion, the financial statements referred to above present fairly, in all material respects, the status of funds and expenditures of the International Bank for Reconstruction and Development as Executing Agency for certain United Nations Development Programme projects for the year ended December 31, 1988, on the basis of accounting described in Note 2.

Price Waterhouse

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THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AS EXECUTING AGENCY FOR CERTAIN UNITED NATIONS DEVELOPMENT PROGRAMME PROJECTS REPORT ON THE NATURE AND SCOPE OF AUDIT AND OTHER SERVICES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 1988

NATURE AND SCOPE OF AUDIT SERVICES PERFORMED

Report Considerations

We have completed our audit of the financial statements for certain United Nations Development Programme (UNDP) projects for which the International Bank for Reconstruction and Development (the World Bank) acts as Executing Agency (hereafter referred to as "the UNDP projects"). As a result of our audit, we are of the opinion that the financial statements present fairly, in all material respects, the status of funds and expenditures of the organization for the year ended December 31, 1988 on the basis of accounting disclosed below. Accordingly, we issued our audit report dated May 3, 1989 on these financial statements.

Our audit report on the 1988 UNDP project financial statements constitutes a special report which we issued to conform with Statement on Auditing Standards No. 62 issued by the American Institute of Certified Public Accountants for financial statements prepared on a basis of accounting prescribed by a regulatory agency solely for filing with that agency. Our report is appropriate as the United Nations requires the World Bank to utilize the accounting practices (described below) which differ from generally accepted accounting principles.

We noted no significant differences in the financial statement format, or any significant changes in accounting procedures from the prior year. In accordance with the instructions received from the UNDP, the Bank has used the delivery method to account for all transactions (i.e., recorded as services are performed or as goods are received), except those related to equipment purchases which have been accounted for under the commitment method for which obligations are accrued on the basis of purchase orders.

We conducted our 1988 audit in accordance with generally accepted auditing standards. These standards require that we: (a) perform a study and evaluation of the existing internal controls to determine the extent to which we can rely on the controls to provide assurance as to the validity of the recorded transactions or balances, and (b) obtain sufficient competent evidential matter through inspection of the accounting records and underlying documentation, observation, inquiries, analytical reviews and confirmations to afford a reasonable basis for an opinion regarding the financial statements.

The World Bank utilizes many of its own personnel and the procedures (including automated systems) to process the accounting information for the UNDP projects. Examples include bank reconciliation personnel and the procedures they perform. Since these procedures and the related controls were tested to our satisfaction during our audit of the World Bank, our scope of testing on the UNDP projects has been adjusted appropriately in order to minimize fees and duplication of effort.

Consideration of the Internal Control Structure

In planning and performing our 1988 audit of the financial statements of the UNDP projects, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Our consideration of the World Bank's internal control structure underlying the financial statements for the UNDP projects, was more limited than would be necessary to express an opinion on the internal control structure taken as a whole.

The management of the World Bank is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with UNDP accounting policies and procedures.

As a result of our consideration of the internal control structure we noted certain matters involving the internal control structure that we considered to be "Reportable Conditions" under the standards established by the American Institute of Certified Public Accountants. These matters have been summarized below under "Reportable Conditions". Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Bank's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We have provided a separate report to World Bank management summarizing our recommendations.

We view the World Bank's Internal Auditing Department (IAD) as a significant factor in the system of internal accounting control. Through our review of IAD's work program, audit reports and other meetings and discussions with IAD personnel, we have developed a basis for reliance on their work. We continue to coordinate our work with IAD to the extent possible in order to avoid unnecessary duplication of effort.

Reportable Conditions

- Adhere to existing policies governing the accounting for project accruals as well as monitoring project financial performance.

  We noted projects where accruals totalling approximately $500,000 were posted to the general ledger but subsequently were reversed. We also noted an additional $500,000 of omitted accruals for which documentation had been required prior to the final closing of the general ledger. These findings required adjustments to the 1988 UNDP project accounts.

- Establish procedures that ensure that funds entrusted to the Bank are disbursed only for the purposes intended in the trust fund agreement.

  We noted the existence of an account receivable of approximately $180,000 at December 31, 1988 which corresponds to UNDP African Project Development Facility (APDF) monies advanced on behalf of other non-UNDP APDF trust funds. This receivable originated in reimbursements paid through the imprest account.

- Review current procedures in connection with the reconciliation of the general ledger fund balance to the UNDP Operating Fund Statement (OFS) in order to produce a timely, accurate and thorough reconciliation.

  During our review we noted several errors affecting the OFS reconciliation which required adjustment to the 1988 UNDP accounts.

- o Update transactions related to fund transfers from the Indicative Planning Figure (IPF) cash account in order to perform more accurate cash flow projections.

  We noted that at year-end the World Bank maintained approximately $7,200,000 in cash whereas projected disbursements for the month of January 1989 amounted to $5,000,000. This represented an excess balance of approximately $2,200,000, since UNDP policies state that total cash should not exceed one month of operations.

- o Reconcile UNDP cash accounts on a timely basis.

  We observed that the reconciliation of cash accounts related to UNDP projects was not performed on a timely basis throughout 1988.

Audit Approach by Audit Area

Cash

At December 31, 1988, there were approximately 30 cash accounts that the World Bank maintained for administering UNDP projects located around the world. Our audit effort in this area centered around confirmation and reconciliation of these accounts. Accounts were confirmed on both a stratified (14 largest accounts) and a rotational basis so that 16 of the bank accounts and 99% of the total dollar balance was circularized. Year-end testing of the bank reconciliations for all accounts selected was also performed and consisted of the following procedures:

- o Comparison of bank balance per each reconciliation with the balance confirmed by the bank.

- o Agreement of the book balance per the reconciliation to the general ledger.

- o Agreement of any deposits in transit to deposits reported on January bank statements.

- o Examination of paid checks shown as outstanding at December 31, 1988 per the reconciliation, noting in all cases that such checks were subsequently paid by the bank.

- o Recalculation of the translation of funds expressed in currencies other than U.S. dollars, into U.S. dollars at year-end based on the exchange rates supplied by the UNDP.

- o Investigation of all significant reconciling items.

For cash drawings, we performed detail testing including the recalculation of gain or loss on exchange on remittances selected on a systematic basis. Items listed as cash in-transit were tested by reviewing subsequent receipts.

We noted that cash reconciliations were not performed on a monthly basis as a result of reported shortages in staff resources. We noted approximately $3,900,000 of cash in-transit at December 31, 1988 which was included as a receivable in the financial statements as of that date. This required a reclassification of the account to properly state cash balance at year-end.

Accounts Receivable and Other Assets

Historically, accounts receivable and other assets have not been significant. During 1988 balances in these accounts increased substantially due to the implementation of Operating Fund Statement and Inter-Office Vouchers suspense accounts as required by UNDP. Accordingly, we expanded our audit testing in these financial statement areas.

We reviewed account balances at year-end for all significant balances through a combination of analytical review procedures, observation of subsequent receipts and review of supporting documentation which included tracing of corresponding balances from the vouchers to subsidiary ledgers and vice-versa.

Accounts Payable and Unliquidated Obligations

We reviewed all accruals at December 31, 1988 which exceeded $100,000 for projects and $40,000 for associated agency accruals. Our testing included the review of subsequent payments and supporting documentation (review of invoices for those that were still unpaid at the date of our examination).

The reasonableness of residual commitments was determined through discussions with the appropriate project coordinators and review of supporting documentation and payment schedules. Furthermore, we related our review of this component to both our subsequent events review and our search for unrecorded liabilities through our report date.

In compliance with UNDP instructions, the World Bank has accounted for accounts payable and unliquidated obligations in accordance with the delivery method except for equipment purchases which have been accounted for under the commitment method.

On an aggregate basis, payables to the World Bank were matched to respective receivables on the World Bank's books at December 31, 1988. Although not presently significant to the financial statements taken as a whole, we continue to note certain differences in these amounts and have recommended to World Bank management that they establish procedures to reconcile such differences on a timely basis.

Allocations

The UNDP makes contributions, or authorizes them to be made, toward the cost of projects. Allocations are recorded in the accounts on the basis of written notification from the UNDP. For all new projects with current year allocations in excess of $300,000, we performed the following audit procedures:

- Agreement of allocations to project documents and other budget related documentation and correspondence maintained by project coordinators.
- Review of proper approval on all project documents and budget revisions of both UNDP and World Bank officials.
- Inquiry of project coordinators regarding the nature, status and other relevant information surrounding each project.

For all existing projects which had an increase or a decrease in allocations during the current year from the prior year in excess of $2,000,000, we performed the following audit procedures:

- Agreement of the reported increase or decrease to project and other budget related documents and to other relevant correspondence maintained by project coordinators.
- Inquiry of project coordinators on the status of each selected project.
- Review of approval on all project documents and budget revisions by both UNDP and Bank officials.
- Agreement of allocations and disbursements to subsidiary ledgers.

Government counterpart contributions were summarized and tested as considered necessary. These contributions are made directly through the UNDP. Direct deposits were tested in connection with our cash testing and contributions made through UNDP were tested along with the other allocations.

Disbursements

We expend a significant amount of audit effort in this area due to the complexity of the disbursement system used in connection with UNDP projects at The World Bank. Disbursements are also material to the financial statements. We performed extensive testing to establish whether internal controls could be relied on for audit testing. We statistically selected 45 disbursement

vouchers for key attribute testing. Our selection was randomly performed using the following parameters: maximum tolerable deviation rate of 5% and an allowable risk of incorrect acceptance of 10% for a population size of 3,053 vouchers. For each voucher, the following audit procedures were performed:

- o Review for proper support, appropriate approval and correct distribution by project and general ledger account.

- o Recalculation of the translation into U.S. dollars for those vouchers disbursed in currencies other than U.S. dollars.

We selected all UNDP projects which had current year disbursements in excess of $500,000 (or U.S. dollars equivalent) for comparison to budget. The following audit procedure was performed:

- o Comparison of total budget and allocations to the sum of prior and current years' disbursements, obtaining explanations for any overruns noted.

We also reviewed the World Bank's computation of agency overhead cost (which is generally based on 11% of actual disbursements) noting that only the appropriate disbursements were charged with overhead.

We also tested the World Bank's Summarization of Expenditures by Country report (the "summarization"), by performing the following procedures:

- o Preparing a schedule grouping allocations, disbursements and accruals by project and country for the year, and agreeing total disbursements for each country, less total accruals, to disbursement amounts per the UNDP projects listing, and total accruals for each country to unliquidated obligations per the UNDP listing. This summarization appears in the 1988 financial statements covered by our report.

General

Additionally, we performed the following audit procedures:

- o Confirmation of the balances per the final OFS from the UNDP.

- o Reconciliation of the final OFS statement to the general ledger and reviewed of all reconciling items with World Bank appropriate accounting and finance officials.

- o Obtainment of a representation letter from World Bank Trust Fund management and inquiry of management regarding their responsibility for the fair presentation of the financial statements.

- o Performance of a subsequent events review through our report date.

- o Review of correspondence between the World Bank and the UNDP that might have financial statement significance.

- o Performance of a variance analysis of each line item of the financial statements; and

- o Review of the financial statements for the UNDP projects at December 31, 1988 for proper presentation and disclosure.

OTHER SERVICES PROVIDED

Review of Selected Projects

In addition to the work performed in connection with the UNDP audit, we reviewed a selection of six UNDP projects administered by the World Bank in order to determine whether:

1) The World Bank's procurement procedures were followed;

2) Project progress reports were submitted to UNDP on a timely basis;

3) The World Bank's follow-up procedures in connection with problems noted in the progress reports were adequate;

4) Project expenditures were within budgeted amounts; and

5) Project was progressing as planned.

The projects selected for review were chosen from Asia, one of the World Bank's four regions. Our selection is designed to ensure that different projects are evaluated from year to year. Our review included detailed discussions with the World Bank's project staff located in Washington, D.C. responsible for the UNDP projects. We also reviewed the project files including project documents and related correspondence.

The projects selected for review are NEP/85/013, Nepal, Strengthening the Irrigation Planning and Design Capability of the Department of Irrigation, Hydrology and Meteorology; CPR/86/003, China, Multi-Sector Investment Support; SRL/86/006, Sri Lanka, Kalu Ganga Feasibility Study; BGD/85/094, Bangladesh, Jamuna Bridge Appraisal Study, Phase II - Feasibility Study and Engineering Design; PNG/86/008, Papua New Guinea, Strengthening National and Provincial Economic Management; and BUR/86/013, Myanmar, Petroleum Technical Assistance and Training. The results of our review are summarized in the following sections.

Modification Of Planned Approach

In last year's report and in subsequent correspondence with UNDP, we indicated that this year we anticipated performing several on-site reviews of UNDP financed projects as administered by the World Bank. We had agreed to perform such site visits to evaluate managerial and operational efficiency, resulting effects on delivery, corrective actions, and additionally to provide comments of an overall nature concerning the management of UNDP projects. Accordingly, our selection of projects for review was made in anticipation of ultimately visiting the same Asia projects on-site.

Subsequently, based on discussions with the IAD and the Trust Funds Division regarding the nature and scope of our involvement in connection with the on-site reviews, we agreed to postpone any visits by us to consulting contractors and/or project locations. This decision was agreed with the IAD due to the apparent duplication of effort that our involvement in on-site reviews would have implied considering their work in this area. In this regard, we believe that the UNDP and the World Bank should agree on the nature and scope of the involvement that is expected from external auditors in connection with the performance of on-site reviews. We also wish to express our willingness to participate in the determining an appropriate on-site work program.

Review of Procurement Procedures

All of the six projects reviewed included procurement of either consultants, experts/fellowships and/or equipment. In all of the projects reviewed the procurement procedures noted were in accordance with the World Bank's guidelines or deviations were explained to our satisfaction.

In the projects involving the procurement of consultants, these guidelines include the establishment of selection criteria and a selection committee, the preparation of a list of qualified consultants with an adequate letter of invitation sent to each firm, the review of all proposals submitted, and the negotiation of a final contract. In projects involving the procurement of experts/fellowships, the guidelines include the selection and approval of the expert/ fellowship by the country and the World Bank. In projects involving the procurement of equipment, the guidelines include the use of competitive bidding or the use of the World Bank's procurement department.

Review of Progress Reports

Two of the six projects reviewed reported progress in the standard UNDP format. The remaining four projects progress reports were submitted by the subcontracted consultants in their own format. Of these four projects, two required progress reports in UNDP format as stated in the project documents.

Review of Problem Follow-up

In the projects where problems were noted in the progress reports the follow-up procedures performed by the World Bank appeared to be adequate. The World Bank had taken steps to address the problem noted in the progress report. No problems of significance were noted that would threaten the continuation of the project.

Review of Budgets

In all cases, actual cumulative expenditures fell within total project budgeted expenditures (original or revised), however, in three cases we noted that current year expenditures exceeded the budgeted expenditures for 1988.

Project Findings

NEP/85/013 - Nepal, Strengthening the Irrigation Planning and Design Capability of the Department of Irrigation, Hydrology and Meteorology

- o One consultant was retained without a prior short-list of firms in accordance with World Bank guidelines for sole source selection and based on recommendations received from other areas of the World Bank and the short duration of the particular study;
- o Other consultants retained and equipment procured within World Bank guidelines;
- o No progress reports in UNDP format have been submitted, however, progress reports have been submitted by the subcontracted consultants on a quarterly and semi-annual basis;
- o Cumulative expenditures are within the total project budget, however, expenditures for 1988 exceeded budgeted expenditures for the year; and
- o Commencement of the project was delayed by approximately one and one-half years, but has since progressed as expected.

CPR/86/003 - China, Multi-Sector Investment Support

- o One consultant was retained through government selection procedures which the World Bank considered to be adequate;
- o Two consultants were retained without a prior short-list of firms based on past performance on similar assignments in China and the expressed preference of the government;

- o Other consultant retained within World Bank guidelines;
- o Equipment was procured locally through competitive bidding with three written quotations received;
- o Progress reports, in UNDP format, have been submitted in a timely manner;
- o Cumulative expenditures and 1988 expenditures are both within the total project budget and the budget for the year, respectively;
- o Project has progressed slightly slower than expected due to delay in government processing of sub-projects and duration has been extended from three to four years accordingly; and
- o Project has been successful to the point of generating $999 million in follow-up investment associated with four sub-projects proposed under the project.

SRL/86/1006 - Sri Lanka, Kalu Ganga Feasibility Study

- o Consultant retained and equipment procured within World Bank guidelines;
- o No progress reporting requirements were specified in the Project Document. Progress reports have been submitted by the subcontracted consulting firm on a monthly basis as specified in subcontract with the World Bank.
- o Cumulative expenditures and 1988 expenditures are within the total project budget and the budget for the year, respectively;
- o Project was delayed by approximately six months, however, the project was satisfactorily completed in March 1989; and
- o The government is currently reviewing the study produced by the subcontracted consultants and deciding on the desired course of action to be undertaken in phase II of this project which will be carried out under a new UNDP project number.

BGD/85/094 - Bangladesh, Jamuna Bridge Appraisal Study, Phase II - Feasibility Study and Engineering Design

- o Consultant retained within World Bank guidelines;
- o No purchase of equipment for project was called for in the project document;
- o Progress reports have been submitted by the subcontracted consulting firm every two months which is more frequent than the semi-annual reports called for in the project document;

- o Cumulative expenditures are within the total project budget, however, expenditures for 1988 exceeded budgeted expenditures for the year due to a major project revision for which authorization from UNDP was received on December 18, 1988 and

- o Project has progressed satisfactorily, however, duration has been extended and budget has been revised to reflect additional work performed at the request of the government.

PNG/86/008 - Papua New Guinea, Strengthening National and Provincial Economic Management

- o Long-term advisors were retained without a prior short-list of candidates due to government's insistence on using personnel they selected through a consulting agency;

- o Equipment was procured locally based on determination that it would be cheaper and quicker than to follow standard World Bank procurement guidelines;

- o Initial progress report submitted in UNDP format in a timely manner;

- o Cumulative expenditures are within the total project budget, however, expenditures for 1988 exceeded budgeted expenses for the year.

- o Project was delayed by approximately six months to allow for completion of the project's first phase, but has progressed satisfactorily; and

- o Due to additional program requests by the government, the project duration has been extended from three to four years and the government cost-sharing inputs have increased from approximately $1 million to approximately $2 million.

BUR/86/013 - Myanmar, Petroleum Technical Assistance and Training

- o Consultants retained within World Bank guidelines;

- o Project was suspended indefinitely within several months of commencement due to civil unrest in Myanmar, therefore, none of the equipment scheduled to be purchased has been procured as of the end of 1988;

- o As a result of the project suspension, no progress reports in UNDP format have been submitted, however, each of the subcontracted consultants prepared an informal report at the time of the suspension stating what had been accomplished to that point;

- At the time of our report, the situation in Myanmar has begun to normalize and communication with the consultants to resume project operations has taken place; and

- The project is expected to incur additional costs due to the reperformance of start-up procedures necessary to resume project operations.

Review of Internal Audit Work

Due to constraints in staff resources, only one report dealing with an audit of the costs and charges of consulting firms in connection with the Kalabagh Dam project in Pakistan was available for our review at the time of issuance of our report.

Additionally, the IAD is finalizing a review of the World Bank executing agency functions. We were informed that no significant matters affecting the financial statements of the UNDP projects for which the World Bank acts as Executing Agency came to IAD's attention during the course of their work.

FUTURE CONSIDERATIONS

Based upon an agreement between the World Bank and the UNDP regarding the nature and scope of the work to be performed by internal auditors in connection with on-site reviews, our audit of the December 1989 UNDP Trust Fund will include an evaluation of project operations. This evaluation will be conducted on the basis of a coordinated effort involving the Bank's IAD. This coordination is directed at avoiding any inefficiencies that might result in duplicate effort in areas covered by the IAD audit process.

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STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME
EXECUTING AGENCY: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
STATUS OF FUNDS
YEAR ENDED DECEMBER 31, 1988
(Expressed in U.S. dollars)

Operating Fund		
Balance as of December 31, 1987		$(3,368,689)
Adjustment by IBRD		(38,760)
Add:		
Cash drawings from UNDP	$58,639,035	
Inter-office voucher charges	13,791,372	
Other charges	730,391	
Government contribution	(8,228)	
Settlement of agency billings	(622,192)	
Transfer of project expenditure	(1,251,943)	
Miscellaneous income and exchange adjustments	(33,152)	71,245,283
		67,837,834
Deduct:		
Current year expenditures (Statements II and III)		
For projects		
Disbursements	49,418,879	
Unliquidated obligations	9,021,499	
For programme support costs	6,302,401	
For additional support costs	10,500	64,753,279
Balance as of December 31, 1988		$ 3,084,555
Represented by:		
Cash at banks and in transit		$ 7,270,587
Accounts receivable		5,507,086
Due from UNDP Trust Funds		2,540,732
		15,318,405
Deduct:		
Accounts payable and accrued expenses	3,212,351	
Current year unliquidated obligations	9,021,499	12,233,850
		$ 3,084,555

The accompanying notes are an integral part of the financial statements.

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Translation from French

Swiss Federal Audit Office

3003 Berne, 6 March 1989

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UNIVERSAL POSTAL UNION, BERNE

ACCOUNTS OF TECHNICAL COOPERATION PROJECTS OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

FINANCIAL YEAR 1988

EXTERNAL AUDITOR'S REPORT

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1 *TERMS OF REFERENCE*

In accordance with article 35 of the Financial Regulations of the Universal Postal Union (UPU) and article XVII of the Financial Regulations and Rules of the United Nations Development Programme (UNDP), I have, as external auditor appointed by the Government of the Swiss Confederation, examined the Technical Cooperation project accounts, kept in United States of America dollars, drawn up at 31 December 1988. In performing my duties at the headquarters of the UPU in Berne, I was assisted by Messrs F Faessler, J-P Vessaz and D Neier, from the staff of the Federal Audit Office.

I should like to express my appreciation of the helpfulness shown by all the UPU International Bureau officials whom my colleagues approached in providing the information and documents I required to carry out my task.

During our audit, my assistants had regular talks with Mr M Mazou, Assistant Director-General, Head of the Technical Cooperation Division, and Mr G Beney, Senior Counsellor, Head of the Finance Section.

2 *AUDITS AND OBSERVATIONS*

2.1 *General*

Our work was conducted in conformity with generally accepted common auditing standards, respecting the additional terms of reference attached to the UPU Financial Regulations and in accordance with the rules issued by the UNDP. In so far as they applied to our audit, the auditing standards adopted by the Panel of External Auditors of the United Nations were followed.

Our audits by sampling dealt with the accounting of the movements relating to the "Indicative Planning Figures (IPF)" and "Special Programme Resources (SPR)" allocations, the expenditure and proceeds for the financial year and the liquid funds. The correctness of the items appearing on the financial statements at 31 December 1988 (Statement I, Schedules 1A, 1B and 2) was checked, and the balances of the various cash accounts at that same date were compared with those given in the statements issued by the banks and postal giro centres. All the other assets and liabilities were examined and a comparison was made with the UNDP document (OFS 88-10) at 31 December 1988 available at the time of our audit.

2.2 *Operating fund*

When checking agreement of the figures shown in the UPU accounts with those entered on Statement I, my assistants found a difference of 501 370.38 dollars between the balance at 1 January 1988 of the aforementioned statement and the Operating Fund 88-10. This difference was specifically mentioned on the periodic reconciliations sent to the UNDP Administrator during 1988. On completion of my audit, the UPU International Bureau gave me an assurance that steps to regularize this item were well under way.

2.3 *Consultants*

My assistants examined several files of consultants to whom the UPU International Bureau had entrusted short-term missions under country and regional projects. They checked the correctness of the remuneration and allowances paid against the letters of engagement and the relevant regulations, as well as the correct accounting of the expenditures disbursed either by the UPU International Bureau direct or through the Resident Representatives on the instructions of the UPU International Bureau and brought to account by IOV. The application of the scales and exchange rates and the calculations were also checked. These checks call for the following comments:

The calculations of the remuneration and allowances and the bringing to account were correct;

- The engagement of consultants, even for short periods (1 to 3 months), entails many procedures and approaches, the complexity and length of which is demonstrated by the relevant documents placed in the files;
- Although he had signed the declaration of acceptance of the engagement, one consultant gave up his mission for personal reasons shortly after arriving at his duty station, without even notifying the UPU International Bureau, which was informed later by the consultant's employer. At the date of the audit, this consultant had not yet refunded the balance of the advance he had received;
- Depending on their status, the consultants are either paid by their administration and receive an incentive bonus from the International Bureau, or they are paid by the UPU International Bureau in accordance with the United Nations scale, which is also the case with United Nations volunteers. The consultant's status must be clearly established at the outset, otherwise confusion arises, as one file showed.

2.4 *Sectoral support allocation*

I had an audit made of the short missions, the costs of which were charged to the sectoral support allocation. My colleagues verified the correctness of the salaries and travel and living expenses paid. They also noted the reports already published at the time of the audit to satisfy themselves that the missions carried out corresponded to the definitions given in the Instructions of 3 December 1985 by the UNDP Administrator. In one case, at the request of the country concerned and with the agreement of the UNDP Administrator, the objective of the mission was to make a study for the reorganization of a postal statistics service.

Of the allocations granted for 1984 to 1988, there remains a residue of 5 058.35 dollars. The UPU International Bureau has requested authorization to dispose of this in 1989.

2.5 *Outstanding obligations*

Of the total brought forward from financial year 1987 (514 255 dollars), a sum of 57 000 dollars in round figures, or 11 percent, was credited to various projects because it did not correspond to commitments which had fallen due.

Outstanding obligations in Statement . t 31 December 1988 totalled 648 239 dollars. In bringing them to account, the Instructions of the UNDP Administrator (Interoffice Memorandum of 15 November 1988) were applied. As regards equipment, the total amount recorded on the basis of orders or of authorization to purchase locally was 276 557 dollars.

2.6 *Support costs*

The 1988 support costs brought to account by the UPU International Bureau were calculated on the basis of the expenditure on 1988 projects, including outstanding obligations. In accordance with the decision of the UNDP Governing Council, 28th session, and the agreement given by the UNDP Administrator, the rate applied was 22 percent. Moreover, the special allocation for the preceding financial year (60 000 dollars) was duly recorded in 1988.

3 *CONCLUSIONS*

The audits carried out revealed that the accounts are kept accurately and that the book entries are in accord with the supporting documents.

Following our work, I am in a position to issue the audit certificate appended at the foot of annex 1 to this report (Statement I).

W FREI

Deputy Director
SWISS FEDERAL AUDIT OFFICE

(External Auditor)

Annexes:

1 Statement I
- Status of Funds as at 31 December 1987

2 Schedule 1A

3 Schedule 1B

4 Schedule 2

UNIVERSAL POSTAL UNION
INTERNATIONAL BUREAU

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

Status of Funds as at 31 December 1988
(in US dollars)

Operating Fund

Balance at 1 January 1988				(469 374.72)
Add:	**Cash drawings from UNDP**		781 392.78	
	IOVs		2 014 626.60	
	Other charges (net)		(43 157.88)	
	Miscellaneous income and exchange adjustments (net)		12 637.37	
	Miscellaneous items refunded to UNDP (net)		(22 648.59)	2 742 850.29
				2 273 475.57
Subtract:	**Expenditure during 1988**			
	For projects			
	Disbursements (Schedule 1A)		1 514 225.00	
	Unliquidated obligations (Schedule 1A)		648 239.00	
	For programme support costs (Schedule 1A)		475 742.08	
	Programme support costs on "Miscellaneous items" (Schedule 7)		4 982.69	2 643 188.77
Subtract:	**Adjustement to prior year's expenditure** (Schedule 1B)		-	(369 713.20)
	Adjustement to prior year's programme support costs (Schedule 1B)		60 090.32	60 090.32
Balance at 31 December 1988				(429 803.52)

Represented By:

Cash at banks, on hand and in transit			121 176.07
Accounts receivable (Schedule 8)			260 694.07
			381 870.14
Less:	**Accounts payable** (Schedule 9)	163 434.66	
	1988 Unliquidated obligations (Schedule 1A)	648 239.00	811 673.66
			(429 803.52)

CERTIFIED CORRECT

G Beney

G BENEY
Chief, Finance Section

APPROVED

A C BOTTO DE BARROS
Director-General

/...

Audit Certificate

I have examined the above financial statement. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

The financial statement presents fairly the financial position as at 31 December1988 and the results of its operations for the period then ended. For further details, I refer to my audit report of 6 March 1989.

Berne, 6 March 1989

W. Frei

Deputy Director
Swiss Federal Audit Office

(External Auditor)

Eidgenössische Finanzkontrolle
Contrôle fédéral des finances
Controllo federale delle finanze
Swiss Federal Audit Office
943.0.1.19/88
El Ve/im

3003 Bern, 24 April 1989

ANNEX B

INTERNATIONAL TELECOMMUNICATION UNION, GENEVA

ACCOUNTS FOR THE TECHNICAL COOPERATION PROJECTS OF THE

UNITED NATIONS DEVELOPMENT PROGRAMME

Financial year 1988

Report by the External Auditor

1. Terms of reference

Under Article 48 of the Financial Regulations of the International Telecommunication Union (ITU) and Article XVII of the Financial Regulations and Rules of the United Nations Development Programme (UNDP), I inspected the accounts of Technical Cooperation projects, kept in United States dollars, as at 31 December 1988, in my capacity as External Auditor appointed by the Government of the Swiss Confederation.

In carrying out this task at ITU Headquarters in Geneva, I was assisted by Mr. F. Faessler, Mr. J.-P. Vessaz and Mr. D. Neier, officials of the Federal Audit Office.

I wish to express my appreciation for the courtesy shown by all the officials of the ITU who were approached in supplying the information and documents needed for the performance of my task.

During the audit my colleagues maintained regular contact with Mr. R. Prélaz, Chief of the ITU Finance Department, and with Mr. A.E. Embedoklis, Chief of the Department of Technical Cooperation.

2. Verifications and comments

2.1 General

The audit was carried out in keeping with standard auditing procedures, in conformity with the additional terms of reference attached to the Financial Regulations of the ITU, the relevant UNDP rules and, where applicable, the verification rules adopted by the Panel of External Auditors of the United Nations.

Spot checks were made of the posting to account of movements relating to allocations for indicative planning figures (IPF), special programme resources (SPR), special measures for the least developed countries (LDCs) and Government cash counterpart contributions (GCCC), expenditure and income during the financial year and liquid funds. The accuracy of items appearing in the financial statements at 31 December 1988 (Statement I, Schedules 1A, 1B and 2) was verified. The balances in the various accounts on the same date were checke against those appearing in the bank statements. The other main items, both assets and liabilities, were inspected and the amounts were compared with those appearing in the latest UNDP document (OFS 88-13) at 31 December 1988.

2.2 Cash resources

For a selected period in the financial year, the transfer by the UNDP of financial resources in dollars and other currencies required for the implementation of projects was examined. The results of the verifications were satisfactory; the funds transferred were correctly entered in the ITU's cash accounts.

2.3 Evaluation of projects

In keeping with the recommendations of the Joint Inspection Unit, the Administrative Council of the ITU, at its 42nd session, approved the creation of a post of administrator responsible for evaluating technical cooperation projects. This post was extended in 1988 and the necessary credits were entered in the regular budget of the Union.

2.4 Verification missions abroad

Taking advantage of the presence abroad of two of my colleagues separately engaged in missions at the end of 1988 on behalf of other principals, I instructed the former for local confirmation of the financial verifications based on the files kept at ITU headquarters in Geneva. They were asked to examine the development and implementation of three projects, in particular, financial, staff and inventory aspects thereof of relevance to my terms of reference as external auditor.

My colleagues were favourably impressed after their visits and prepared detailed reports, which were transmitted to the Secretary-General of the ITU and which are summarized below:

Project No. 1

This is a regional project involving six countries aimed at improving the capacity of maritime radiocommunications and the coordination of weather and emergency information.

After due consideration of the available documents, the explanations provided and the oral statements made, my colleague was able to certify that the expenses accounted for were in conformity with the project's budget and objectives.

The project coordinator was left to bear full responsibility for initially implementing the project, which was somewhat delayed owing to external factors (health), the time needed to recruit other experts and difficulties encountered with contacting one of the participating countries.

At the time of his visit, my colleague recommended that special attention be paid to the provision of a suitable extra office by the host Government, on the grounds that the satisfactory progress of the project depended on it, since the experts joining the coordinator would require suitable premises situated near the latter.

The balance of the equipment budget is to be allocated to specific technical equipment, as current project requirements had already been met with equipment available at the time of the visit.

My colleague was also assured by the office of the UNDP resident representative that the implementation of the project would raise no problem.

Project No 2

This is a regional project involving 21 countries aimed at improving telecommunication network links and setting up a data bank of information concerning telecommunications planning.

After due consideration of the available documents, the explanations provided and the oral statements made, my colleague was able to certify that the expenses accounted for were in conformity with the project's budget and objectives. He had the impression that the implementation of the project was progressing satisfactorily and was not raising any major problems. The scheduled Government and UNDP inputs, in cash or in kind, had generally been supplied in time and in full.

From a financial point of view, it should be noted that an additional allocation of 50,000 dollars had been requested from the UNDP and should be included in revision D of the budget.

The items of equipment recently acquired locally have not yet been included in the ITU's list. Equipment taken over from earlier projects should appear for the record in the inventory.

It emerged from reports and interviews, however, that the implementation of the project will require more time and more resources than initially planned to achieve the set objectives and yield the expected outputs, owing to the difficulty of gathering information for the data bank.

My colleague was also assured by the office of the UNDP resident representative that the implementation of the project raised no particular problem.

Project No. 3

This is a regional project for the training of senior design, management and operational staff for which the telecommunication services of the French-speaking countries of West Africa have a definite and urgent need. The aid provided is to be used to set up an advanced training centre.

After due consideration of the available documents, the explanations given and the oral statements made, my colleague was able to certify that the expenses accounted for were in conformity with the project's budget and objectives. He had the impression, however, that the implementation of the project had run into a few problems, even though the latter could not be blamed on the executing agency. The experts acting on behalf of the ITU are for the time being running the technical and training sides of the establishment. If they are to achieve the planned objectives and outputs, namely the autonomy of this multinational advances school by the end of international assistance, a solution will have to be found as soon as possible to the problem of recruiting counterparts.

At the time of his visit, my colleague was told that the school's host country had set aside sufficient funds to complete constructions and outside facilities.

2.5 Sectoral support allocation

The sectoral support allocation in 1988 amounted to 124,000 dollars, to which should be added the unused balance carried over from the previous financial year, namely 100,393 dollars. 1988 mission expenses came to 168,219 dollars, leaving 56,174 dollars at 31 December 1988.

My colleagues examined a number of missions, especially through the mission reports, in order to make sure that they complied with the definitions given in the UNDP Administrator's Instructions of 3 December 1985. Whenever the interpretation of mission objectives was open to doubt, they requested additional information and were given satisfactory replies by those in charge. Since the 1988 activity proposals submitted by the ITU had not been itemized in the accounts and since the missions carried out had not always been included in the request, any comparison with the budgets was impossible.

2.6 Unliquidated obligations

Out of the total balance carried over from 1987 (5,724,899 dollars), a sum of 358,881 dollars (equivalent to 6.3%) was credited to the various projects as it was not taken up by obligations which had come due. Furthermore, 785,485 dollars (i.e. 13.7%), not used during the financial year but earmarked for outstanding obligations, are set aside under Accounts payable.

Unliquidated obligations which appear on the statement as at 31 December 1988 stand at 4,654,921 dollars, equivalent to over 26% of the financial year's expenditure. To that amount should be added 1,184,002 dollars carried over from 1987 and previous years. The latter item appears under the balance sheet liabilities (Accounts payable). The breakdown of the above amounts is as follows:

	US $
- Obligations relating to experts	176,278.--
- Obligations relating to fellowships	210,200.--
- Obligations relating to equipment	4,268,443.--
	4,654,921.--
- Obligations for 1987 and earlier years relating to equipment	1,184,002.--
	5,838,923.--

After due verifications, I can confirm that the obligations have been accounted for in accordance with the Instructions of the UNDP Administrator (Interoffice Memorandum of 15 November 1988). This means to say that, where equipment is concerned, unliquidated obligations were recorded in cases where credits had been included in the budget and a firm order had been placed or a contract signed prior to 31 December 1988, but where the rule could not be applied, either because the goods had not yet been delivered, or the service supplied, or because the invoice had not yet been received by the executing agency. However, my colleagues pointed out that they had noted four orders for equipment dated early January 1989 and that in a few cases, the conversion into dollars of the cost of equipment expressed in another currency had been made at a different rate of exchange than that adopted by the UN for December 1988.

2.7 Support costs

Support costs posted to account by the ITU were determined on the basis of 1988 project expenditure, including unliquidated obligations. In general, the rate applied was 13%, except in the case of four projects, for which lower rates were agreed. The special allocation related to the previous financial year (462,000 dollars) was duly recorded in 1988.

3. Conclusions

As a result of the verifications carried out, I am in a position to state that the accounts are kept correctly and that the entries are in conformity with the supporting vouchers.

I am therefore able to issue the certificate which appears at the end of the following documents:

- UNDP status of funds (Annexes 1 and 2);
- Status of UNDP sectoral support funds INT78020.

(signed) W. Frei

Deputy Director
SWISS FEDERAL AUDIT OFFICE

(External Auditor)

Annexes:

1+2 Statement I

- Status of Funds as at 31 December 1988

3 Schedule 1A

4 Schedule 1B

5-16 Schedule 2

/...

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

(International Telecommunication Union)

Status of Funds as at 31 December 1988

(in US dollars)

Operating Fund		$	$
Balance at 1 January 1988			(5.873.628,85)
Add:	Cash drawings from UNDP		17.793.731,69
	IOVs		9.992.039,60
	Other charges/credits (net)		(3.303.766,16)
	Miscellaneous items refunded and exchange adjustments (net)		22.523,71
	Expenses incurred on completed projects		(7.820,40)
			18.623.079,59
Deduct:	Expenditure during 1988 (Schedule I)		
	For projects: disbursements	17.805.105,-	
	unliq. obligations	4.654.921,-	
	For programme support costs	2.767.682,-	25.227.708,-
Balance as at 31 December 1988			(6.604.628,41)

Represented by: 1)

Cash at banks, on hand and in transit			(985.111,88)
Accounts receivable (Schedule 8)			924.350,80
			(60.761,08)
Deduct:	Accounts payable (Schedule 9)	1.888.946,33	
	1988 Unliquidated obligations	4.654.921,-	6.543.867,33
			(6.604.628,41)

Following the request by the External Auditors, the Operating Fund balance as at 31 December 1988 is presented as follows :

	Cash at banks, on hand and in transit		473.854,74
	Accounts receivable (Schedule 8)		924.350,80
			1.398.205,54
Deduct :	Accounts payable (Schedule 9)	3.347.912,95	
	1988 Unliquidated obligations	4.654.921,-	8.002.833,95
			(6.604.628,41)

/...

STATEMENT I (continued)

Certified correct :

R.PRELAZ
Chief of the Finance Department

Approved :

R.E. BUTLER
Secretary-General.

AUDIT CERTIFICATE

I have examined the above financial statement. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.
The financial statement presents fairly the financial position as at 31 December 1988 and the results of its operations for the period then ended.

W.Frei

Deputy Director
SWISS FEDERAL AUDIT OFFICE
(External Auditor)

Date : 10 March 1989

UNITED NATIONS DEVELOPMENT PROGRAMME

INTERNATIONAL MARITIME ORGANIZATION

1. Introduction

1.1. The transactions of the International Maritime Organization as an Executing Agency of the United Nations Development Programme, during the year ended 31 December 1988, are recorded in the annexed Statement I and the accompanying schedules in the form prescribed by the UNDP.

2. Statement I

2.1. Cash drawn from the UNDP during the year amounted to $5,329,306 whilst payments made on behalf of IMO directly from UNDP funds for programme expenditure and charged to IMO by inter-office vouchers, totalled $1,491,308. Net miscellaneous charges were $480,042.

2.2. Expenditure on project activities during 1988 amounted to $5,206,880 (compared with $5,259,580 in 1987) made up of disbursements of $4,135,695 plus unliquidated obligations of $1,071,185. Programme support costs of $1,100,000 brought the total expenditure to $6,306,880. The balance of $822,655 as at 31 December 1988 represents the cash resources still to be provided by the UNDP to meet the expenditure committed on the programme as at that date.

2.3. Unliquidated obligations remaining from previous years amounting to $53,894 are included in accounts payable.

2.4. The support cost of $1,100,000 charged in the account to meet the cost of IMO's technical and administrative support of the programme, consists of 13% of the $5,206,880 project expenditure less miscellaneous items refunded to UNDP of US$14,333 (i.e. $675,031) plus an amount of $424,969 claimed under the arrangement for support cost flexibility for small agencies approved by the UNDP Governing Council.

2.5. The number of individual projects on which expenditure was incurred in 1988 was 51.

2.6. A special additional support cost reimbursement for 1987 of $88,000 was received in 1988. This was approved at the 35th session of the UNDP Governing Council to compensate executing agencies with headquarters in Europe for the reduction incurred in support cost income as a result of exchange rate movements.

3. Equipment

3.1. Expenditure on equipment supplied to projects has been charged as current expenditure and is included in the total of expenditure on projects. Non-expendable items of equipment delivered to projects, costing $25 or over, are recorded in inventories.

C.P. SRIVASTAVA
Secretary-General

/...

Opinion of the External Auditor

To: The Assembly of the International Maritime Organization

I have examined the appended Status of Funds Statement 1 and Schedules 1 and 2 of the International Maritime Organization as Executing Agency of the United Nations Development Programme for the year ended 31 December 1988, in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

As a result of my examination I am of the opinion that the Statement and Schedules present fairly the financial position as at 31 December 1988 and the results of the operations for the period then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period; and that the transactions were in accordance with the Financial Regulations and legislative authority.

b. I have no observations to make on these financial statements.

John Bourn

28th April 1989

JOHN BOURN
(Comptroller and Auditor General, United Kingdom)
External Auditor

/...

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME
International Maritime Organization

Status of Funds as at 31 December 1988
(in US Dollars)

Operating Fund			$	$
Balance at 1 January 1988				(944,347)
Add:	Cash drawings from UNDP		5,329,306	
	IOVs		1,491,308	
	Other charges (net)		(505,525)	
	Miscellaneous income and exchange adjustments (net)		16,284	
	Miscellaneous items refunded to UNDP (net)		9,199	6,340,572
				5,396,225
Less:	Expenditure during 1988			
	For projects:			
	Disbursements	(Schedule 1A)	4,135,695	
	Unliquidated obligations	(Schedule 1A)	1,071,185	
	For programme support costs	(Schedule 1A)	1,100,000	6,306,880
				(910,655)
Add:	Adjustment to prior year's expenditure		-	
	Adjustment to prior year's programme support costs		88,000	88,000
Balance at 31 December 1988				(822,655)
Represented by:				
Cash at banks, on hand and in transit				370,096
Accounts receivable				375,282
				745,378
Less:	Accounts payable		496,848	
	1988 unliquidated obligations (Sch. 1A)		1,071,185	(1,568,033)
				(822,655)

CERTIFIED

D. Muthumala
Head, Finance Section

APPROVED

C.P. SRIVASTAVA
Secretary-General

/...

SWISS FEDERAL AUDIT OFFICE

[Original: French]
3003 Berne, 1 May 1989

WORLD INTELLECTUAL PROPERTY ORGANIZATION, GENEVA

ACCOUNTS OF TECHNICAL CO-OPERATION PROJECTS OF
THE UNITED NATIONS DEVELOPMENT PROGRAMME

Financial year 1988

External Auditor's report

1. General remarks

In accordance with the agreements concluded between the World Intellectual Property Organization (WIPO) and the Government of the Swiss Confederation on the external audit of accounts, and pursuant to article XVII of the Financial Regulations and Rules of the United Nations Development Programme (UNDP), I have in my capacity as External Auditor audited the technical co-operation project accounts kept in United States dollars as at 31 December 1989.

In carrying out my work at the headquarters of the WIPO International Bureau in Geneva, I was assisted by Mr. D. Neier of the Swiss Federal Audit Office.

I wish to express my gratitude for the courteous way in which the information and documents necessary for the performance of my assignment were made available by all the staff members of the International Bureau called upon for this purpose.

During the audit, the findings and comments were regularly discussed with Mr. T. A. J. Keefer, Director of the Division of Budget and Finance of WIPO, Mr. P. Favatier, Chief of the Finance Section, and Mr. B. Machado, Chief of the Support Unit of the WIPO Permanent Programme for Development Co-operation.

2. Audits and findings

2.1 General remarks

The audit was carried out in accordance with the generally accepted common auditing standards, the terms of reference annexed to the WIPO Financial Regulations and UNDP Rules. The auditing standards adopted by the United Nations Board of External Auditors were followed insofar as they were relevant to our audits.

Spot checks were made of the posting to account of changes in expenditures and income for the financial year, and in cash items. The accuracy of the entries in the financial statements, as at 31 December 1988, (Statement I, Schedules 1A and 2) was checked. The cash-account balance as at the same date was checked against the bank statement. The other main entries under assets and liabilities were audited. Reconciliation between the last UNDP statement of accounts (OFS 88-13) and the amounts recorded in the WIPO accounts as at 31 December 1988 was carried out.

2.2 Cash management

For the period 1 January - 30 November 1988 cash movements and their correct posting to account were analysed and verified.

2.3 Experts and consultants

In the course of spot checks, a number of missions undertaken under different projects were reviewed. My colleague found that salaries and other benefits paid to experts and consultants had been determined on the basis of the scales in force, or the contracts of the staff concerned and in accordance with the rules applicable to technical assistance project personnel. These benefits were verified, particularly with respect to entitlement, to the manner in which amounts were determined and to the proper accounting thereof.

2.4 Project delivery

On the basis of the records available at the headquarters of the WIPO International Bureau, my colleague reviewed the financial and budgetary development of a number of projects.

2.5 Unliquidated obligations

After examining the unliquidated obligations in the amount of $624,220.95 which appear in the statement of the status of funds as at 31 December 1988, I am in a position to confirm that the instructions of the UNDP Administrator regarding the posting to account of such obligations have been duly taken into consideration and followed. With reference specifically to equipment, the unliquidated obligations were generated as at 31 December 1988 when an order was placed and the corresponding appropriation had been entered in the budget for 1988. Where local procurement is concerned, the purchase authorization by the executing agency is regarded as an order.

2.6 Sectoral support allocation

The 1988 allocation of $120,000 was used to finance the activities described in the proposed programme and the related reports submitted by the International Bureau to the UNDP Administrator. The year-end balance of $4,657.96 for 1988 was carried over to the following year.

2.7 Support costs

The support costs posted by the WIPO International Bureau for 1988 were calculated, as in previous years, on the basis of the figures for expenditure and unliquidated obligations in respect of indicative planning figure (IPF) and government cash counterpart contribution (GCCC) projects at a global rate of 22 per cent, in accordance with the decision adopted by the Governing Council at its twenty-eighth session and with the agreement of the Administrator of UNDP.

3. Conclusions

The audit has verified that the accounts are accurate and that accounting records agree with supporting documentation.

With the conclusion of the audit, I am in a position to issue the audit certificate appended to the following documents:

- Statement of UNDP funds (annex 1).

- Statement of UNDP trust funds (annex 4)

(Signed) W. Frei
Deputy Director of the
FEDERAL AUDIT OFFICE OF THE
SWISS CONFEDERATION
(External Auditor)

Annexes:

1. Statement I - Status of funds as at 31 December 1988
2. Schedule 1A
3. Schedule 2
4. Statement I - Trust fund for the training in the USSR of specialists from developing countries

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME
WIPO

Status of Funds as at 31 December 1988
(Expressed in US dollars)

Operating Fund		$	$
Balance at 1 January 1988			158'583.20
Add:	Cash drawings from UNDP	961'199.88	
	IOVs	1'992'207.97	
	Other charges/credit (net)	(200'515.44)	
	Miscellaneous income and exchange adjustments (net) (Sched. 7)	12'842.99	
	Miscellaneous items charged to UNDP (net) (Schedule 7)	(1'144.31)	
			2'764'591.09
Less:	Expenditure during 1988		
	For projects		
	Disbursements (Schedule 1A)	2'516'565.08	
	Unliquidated obligations (Schedule 1A)	624'220.95	
	For programme support costs (Schedule 1A)	691'224.69	(3'832'010.72)
Balance at 31 December 1988			(908'836.43)
Represented by:			
	Cash at banks, on hand and in transit	12'480.20	
	Accounts receivable (Schedule 8)	34'562.36	47'042.56
Less:	Accounts payable (Schedule 9)	331'658.04	
	1988 Unliquidated obligations (Schedule 1A)	624'220.95	(955'878.99)
			(908'836.43)

CERTIFIED CORRECT

Gilles Frammery
Senior Finance Officer

APPROVED

T.A.J. Keefer
Controller

AUDIT CERTIFICATE

/...

STATEMENT I (continued)

(UNDP)

Audit Certificate

I have examined the above financial statement. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

The financial statement presents fairly the financial position as at 31 December 1988 and the results of its operations for the period then ended.

For further details, I refer to my audit report of 1 May 1989.

Berne, 1 May 1989

W. Frei
Deputy Director
SWISS FEDERAL AUDIT OFFICE
(External Auditor)

/...

REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY AS THE EXECUTING AGENCY UNDER THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) AND THE UNITED NATIONS FINANCING SYSTEM FOR SCIENCE AND TECHNOLOGY FOR DEVELOPMENT (UNFSSTD) FOR THE YEAR ENDED 31 DECEMBER 1988

The Director General of the International Atomic Energy Agency has submitted to me for audit the following Statements and supporting Schedules relating to the participation of the International Atomic Energy Agency as the Executing Agency under the United Nations Development Programme (UNDP) and the United Nations Financing System for Science and Technology for Development (UNFSSTD).

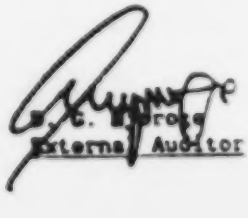
United Nations Development Programme

(i)	Statement I	Status of Funds as at 31-12-1988 - Operating Fund
(ii)	Schedule I	Expenditure by Source of Funds for the year ended 31-12-1988
(iii)	Schedule II	Expenditure by Country for the year ended 31-12-1988

United Nations Financing System for Science and Technology for Development

(i)	Statement I	Status of Funds as at 31-12-88 - Operating Fund
(ii)	Statement II	Status of Funds as at 31-12-88 - Unspent Allocations
(iii)	Schedule I	Project Expenditure for the year ended 31-12-88
(iv)	Schedule II	Expenditure by Component

2. The Statement and Schedules have been examined in accordance with my direction in conjunction with the Audit of the Agency's Accounts for 1988 and in conformity with the generally accepted auditing standards. I have obtained all the information and explanations that I required for the audit and as a result of that audit, I have certified the Statement and Schedules as being correct.



S.C. Myross
External Auditor

Vienna, 29 March 1989

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STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

INTERNATIONAL ATOMIC ENERGY AGENCY

Status of funds as at 31 December 1988
(Expressed in US dollars)

OPERATING FUND			
Balance as at 1 January 1988			(968 096)
Cash drawings from UNDP		-	
Interoffice vouchers and other charges (net)		2 123 789	
Miscellaneous income and exchange adjustments (net)		(10 871)	2 112 918
			1 144 822
Expenditure during 1988			
For projects			
Disbursements	(Schedule 1)	1 602 304	
Unliquidated obligations	(Schedule 1)	1 343 903	
For programme support costs	(Schedule 1)	647 576	3 593 783
Balance at 31 December 1988			(2 448 961)
REPRESENTED BY			
Cash at banks, on hand and in transit		(1 167 833)	
Accounts receivable		1 357 121	189 288
Accounts payable		1 294 344	
1988 unliquidated obligations	(Schedule 1)	1 343 903	2 638 249
			(2 448 961)

ANDRZ R. CUE
Director, Division of Budget and Finance

HANS BLIX
Director General

The above Statement has been examined in accordance with my directions. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that in my opinion the Statement is correct.

D. [illegible] DOROSZ
External Auditor

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UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITORS ON THE ACCOUNTS OF THE WORLD TOURISM ORGANIZATION AS AN EXECUTING AGENCY FOR THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) FOR THE FINANCIAL YEAR 1988

1. We have carefully examined the financial report and tables submitted to us by the World Tourism Organization (WTO) in its capacity as an executing agency for the funds allocated to it by the United Nations Development Programme (UNDP), as contained in pages 50 to 53 of the financial document CE/35/3 e) on the administrative accounts for the financial year 1988, and the explanatory notes submitted by the World Tourism Organization for the financial year closed on 31 December 1988.

2. We have jointly and separately reviewed the accounting procedures and such texts of the accounting records and other supporting evidence as we considered necessary in the circumstances.

3. As a result of our examination, we are of the opinion that, from the accounting standpoint, the financial statements properly reflect the financial transactions for the year 1988 and that, in accordance with the applicable provisions, they present fairly the financial position at 31 December 1988.

4. With respect to the Regulations and Rules applicable to Technical Assistance project personnel of the World Tourism Organization, we have been informed that the prepared draft is pending final revision for subsequent submission to the Executive Council.

5. We wish to express our gratitude to the Secretary-General of the World Tourism Organization and his staff, and the Finance Service in particular, for their diligent and cordial cooperation throughout our assignment. We have been supplied with all the information we considered necessary, wich has greatly facilitated our examination of the Organization's books and accounting documents.

Madrid, 10 March 1989

J.P. Cortés Camacho

N. Moisa

WORLD TOURISM ORGANIZATION • OMT •

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STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME
World Tourism Organization

Status of Funds as at 31 December 1988
(in US dollars)

Operating Fund

Balance at 1 January 1988			162,012.52
Add: Cash drawings from UNDP		1,524,000.00	
I O Vs		455,153.29	
Other charges/credits (net)		(541,854.60)	
Miscellaneous income and exchange adjustments (net)		27,944.91	
Miscellaneous items refunded to UNDP (net)		6,100.26	1,471,343.86
			1,633,356.38
Less: Expenditure during 1988			
For projects			
Disbursements	(Schedule 1A)	1,355,270.26	
Unlig. obligations	(Schedule 1A)	163,359.25	
For support costs	(Schedule 1A)	334,098.49	1,852,728.00
Balance at 31 December 1988			(219,371.62)
Represented by:			
Cash at banks			3,264.41
Accounts receivable (Schedule 8)			57,102.37
			60,366.78
Less: Accounts payable (Schedule 9)		116,379.15	
1987 unlig. obligations (Schedule 1A)		163,359.25	279,738.40
			(219,371.62)

CERTIFIED CORRECT

Michel Boussammier
Chief, Technical Cooperation
and Relations Division

ORGANISATION MONDIALE DU TOURISME • O M T •

APPROVED

Willibald P. Pahr
Secretary-General

AUDIT CERTIFICATE

J.P. Cortés Camacho

Nistor Moise

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AFRICAN DEVELOPMENT BANK

UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1988

AKINTOLA WILLIAMS & HASSAN Inc.

/...

Akintola Williams & Hassan Inc
01 B P 4114
Abidjan Côte d'Ivoire
Tel : Nations 37 84 48 / 22 55 48
International + 225 32 84 48 / 22 55 48
Telex 3266 CHAS CK

Akintola Williams & Hassan Inc.

Chartered Accountants

REPORT OF THE EXTERNAL AUDITORS OF THE AFRICAN DEVELOPMENT BANK ON THE PROJECT ACCOUNTS OF THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) FOR THE YEAR ENDED 31 DECEMBER 1988

In accordance with Article XI.3 of the Agreement dated 4 March 1977 between the United Nations Development Programme and the African Development Bank, we have examined the accompanying financial statements. The statements are in agreement with the books of account of the African Development Bank which record the financial aspects of the projects.

Our examination was made in accordance with internationally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the project as of 31 December 1988 and the results of their operations for the year then ended and, in conformity with the terms of the Agreement referred to above as well as the Agreements which governs the individual projects.

Akintola Williams & Hassan Inc.

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STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

AFRICAN DEVELOPMENT BANK

Status of Funds as at 31 December 1988
(in US dollars)

Operating Fund		US$	US$
Balance at 1 January 1988			(550 334)
Add: Cash drawings from UNDP IOVs		1 349 044*	
Other charges/credit (net)		5 765	
Miscellaneous income and exchange adjustment (net)		2 820	
Miscellaneous items refunded to trust fund (net)		-	1 357 629
			807 295
Less: Expenditure during 1988			
For projects			
Disbursements	(Schedule 1A)	879 683	
Unliquidated obligation	(Schedule 1A)	120 216	
For support cost	(Schedule 1A)	129 987	(1 129 886)
Add/ Subtract: Adjustment to prior year's expenditure (Schedule 1B)		-	-
		-	-
Adjustment to prior year's programme support costs (Schedule 1B)		-	-
Balance at 31 December 1988		-	(322 591)
Represented by:			
Cash at banks, on hand and in transit		227 867	-
Accounts receivable (Schedule 8)		2 365	-
Miscellaneous exchange		-	230 232
Less: Accounts payable (Schedule 9)		432 607	-
1988 Unliquidated obligations (Schedule 1A)		120 216	(552 823)
			(322 591)

* US$ 540 000 represent 1987 advance received and recorded by ADB in 1988

Deloitte
Haskins Sells

Executive Office

1114 Avenue of the Americas
New York, New York 10036-7778
(212) 790-0500
International Telex 66262
ITT Telex 4995707

INDEPENDENT AUDITORS' REPORT

Asian Development Bank - Executing Agency
for the United Nations Development Programme:

We have audited the following statement and schedules relating to funds for projects as to which the Bank is the Executing Agency for the United Nations Development Programme:

Statement 1 - Status of Funds as at 31 December 1988

Schedule 1A - Expenditures by Source of Funds for the year ended 31 December 1988

Schedule 2 - Expenditures by Country for the year ended 31 December 1988

This financial statement and the schedules are the responsibility of the Executing Agency's management. Our responsibility is to express an opinion on this financial statement and the schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/...

The aforementioned statement and schedules have been prepared in accordance with the format and accounting practices prescribed by United Nations Development Programme ("UNDP"); on such basis, expenditures are recognized when obligations are incurred but allocations are recognized as a fund asset when drawn from UNDP. Accordingly, the statement and schedules are not intended to present financial position or results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying statement and schedules present fairly, in all material respects, the status as of 31 December 1988 of funds for which the Bank is the Executing Agency for the United Nations Development Programme and the receipts and expenditures of such funds for the year then ended on the basis of accounting described in the preceding paragraph.

Deloitte Haskins & Sells

28 February 1989

SUPPLEMENTARY INFORMATION PROVIDED BY
DELOITTE HASKINS AND SELLS, 28 FEBRUARY 1989, ON THE AUDIT OF
THE ACCOUNTS OF THE ASIAN DEVELOPMENT BANK

SECTION I - SUMMARY OF OBSERVATIONS AND CONCLUSIONS

The following is a summary of our observations and conclusions resulting from the work performed as set forth in Sections II, III, and IV.

- UNDP-financed projects assigned to the Asian Development Bank as Executing Agency are being administered by the Bank on a regular and timely basis.

- The Bank appears to be taking appropriate follow-up actions, to the extent practicable, on problems identified in consultants' progress reports.

- The Bank is complying with its established procurement procedures pertaining to the engagement of consultants.

- No material weaknesses were identified in the system of internal accounting control.

SECTION II - PRINCIPAL AUDIT PROCEDURES

Our audit of the financial statements referred to previously was conducted in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. Our study and evaluation of internal accounting control is separately described in Section IV. Other principal audit procedures which we believe would be of interest to the Governing Council of the UNDP are briefly described as follows:

Cash at Banks - Obtained confirmations of all bank balances as of 31 December 1988 and tested related bank reconciliations.

Accounts Receivable - Requested positive confirmation of recorded amounts for a judgmental selection of accounts. All confirmation requests were received without exception, except one account, for which we received the confirmation reply with exception. We, however, satisfactorily resolved such exception by examining appropriate supporting documentation.

Accounts Payable and Unliquidated Obligations - Requested independent confirmations from vendors selected from cash-disbursements records. Differences disclosed in confirmation replies were satisfactorily resolved and appropriate supporting documentation was examined for the accounts for which no confirmation reply was received.

Reviewed subsequent disbursement records for possible unrecorded liabilities at 31 December 1988, noting no exceptions.

Cash Drawings, IOVs and Other Charges - Obtained positive confirmation of 1988 amounts directly from UNDP.

Project Expenditures - Statistically selected individual disbursements and examined supporting documents for propriety of project distribution and for approval and other independent indications of validity.

Programme Support Costs - Recomputed total costs for 1988 which were based on 13% of project expenditures in accordance with correspondence between the Bank and UNDP.

External Audit Cost - Examined supporting documents for approval and other independent indication of validity.

SECTION III - ADDITIONAL PROCEDURES

In connection with our audit of the UNDP financial statements, we performed the following additional procedures as requested by you.

Contracts with Consultants - We selected three of the eight projects to which expenditures were substantially started in 1988. For each of the selected projects we ascertained, by reference to supporting contract documentation, that the Bank had complied with its procurement procedures pertaining to the engagement of technical assistance consulting firms consultants as provided for in its published guidelines approved by the Board of Directors.

Review of Selected Projects - We selected four of the forty-nine UNDP-financed projects being administered by the Bank as of 31 December 1988 and performed the following procedures for each of the selected projects:

Compared project expenditures accumulated through 31 December 1988, in total and (where applicable) by category, to the related budget.

. Reviewed the project's progress to date in relation to the anticipated progress outlined in the underlying project documents.

. Read progress reports issued during the year by the consultant in charge.

In performing the foregoing procedures, nothing came to our attention that caused us to believe that the projects were not being monitored, or that progress reports were not being submitted, on a timely basis. Furthermore, the Bank appears to be taking appropriate follow-up actions, to the extent practicable, with respect to problems identified in the progress reports.

Accounting for Equipment - Expenditures for equipment are recognized based on signed contractual agreement or firm order placed. With respect to the 1988 financial statements the amount of unliquidated obligations relating to equipment was U.S.$29,683 which constituted 1.46 percent of the total unliquidated obligations of U.S.$2,028,005 as of 31 December 1988. Accordingly, we did not perform any additional procedures to assess the materiality of an accounting policy change from the "commitment" to the "delivery" concept due to immateriality.

SECTION IV - INTERNAL ACCOUNTING CONTROL

In planning and performing our audit, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under generally accepted auditing standards. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Bank is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities nevertheless may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. These criteria may be broader than those that may be appropriate for evaluating weaknesses in accounting control for management or other purposes.

Our study and evaluation made for the limited purpose described in the first paragraph of this section would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the Bank's system of internal accounting control taken as a whole. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

STATEMENT I
UNITED NATIONS DEVELOPMENT PROGRAMME
Asian Development Bank
(Executing Agency)
Status of Funds as at 31 December 1988
(Expressed in US dollars)

Operating Fund				
Balance at 1 January 1988				($1,306,340.22)
Add: Cash drawings from UNDP			$8,023,696.16	
IOVs			292,259.96	
Other charges/credit (net)			29,248.67	
Miscellaneous income and exchange adjustments (net)			33,011.65	
Miscellaneous items refunded to UNDP(net)			1,711.45	8,379,927.89
				7,073,587.67
Less: Expenditures during 1988				
For projects:				
Disbursements	(Schedule 1A)		4,939,098.36	
Unliquidated obligations	(Schedule 1A)		2,028,005.17	
For programme support costs	(SChedule 1A)		905,723.46	
			7,872,826.99	
PSC for additional audit services			13,000.00	7,885,826.99
Balance at 31 December 1988				($ 812,239.32)
Represented by:				
Cash at banks, on hand and in transit			$ 587,925.55	
Accounts receivable (Note C)	(Schedule 8)		898,701.60	$1,486,627.15
Less: Accounts payable (Note D)	(Schedule 9)		270,861.30	
1988 Unliquidated obligations			2,028,005.17	2,298,866.47
				($ 812,239.32)

See notes to financial statements.

CERTIFIED CORRECT:

S. KALYANARAMAN
Assistant Controller

APPROVED:

SHAMSHAD ALI KHAN
Controller

/...

STATEMENT V

UNDP: UNITED NATIONS DEVELOPMENT PROGRAMME ACCOUNT

United Nations Development Programme as an executing agency for its projects

Status of funds as at 31 December 1988

(United States dollars)

1987			1988
(17 598 870)	Balance at beginning of year		(20 143 162)
	Add: Cash drawings, interoffice vouchers and other charges (net)		93 491 483
78 261 239	Miscellaneous income and exchange adjustments (net)		23 236
46 008	Miscellaneous items refunded to UNDP (net)		32 332
59 774			
60 768 151			73 403 889
	Less: Programme expenditure		
63 199 440	Executed by the Office for Project Services	(schedule 11)	79 556 780
2 095 510	Administered by units other than the Office for Project Services (net)	(note 12)	971 732
65 294 950			80 528 512 a/
8 453 688	Executed by the United Nations Volunteers Programme		9 969 142 a/
73 748 638			90 497 654
	Support costs:		
5 119 601	Office for Project Services	(note 16)	6 364 025
1 323 328	Inter-Agency Procurement Services Unit	(note 16)	1 678 964
126 022	Received by the Office for Project Services under inter-agency agreements with executing agencies (net)	(note 11)	(22 479)
-	Headquarters government execution support	(note 15)	507 874
6 568 951			8 528 384 a/
593 724	Paid to the extrabudgetary activities of the United Nations Volunteers Programme		-
7 162 675			8 528 384
80 911 313			99 026 038
(20 143 162)	Balance at end of year		(25 622 149)
	Represented by:		
	Unliquidated obligations:		
(18 855 184)	Office for Project Services		(24 209 124)
(15 190)	United Nations Volunteers Programme		(18 500)
(1 272 788)	UNDP units other than the Office for Project Services		(1 395 525)
(20 143 162)		(note 4)	(25 622 149)

a/ As shown in schedule 5 to the nearest thousand dollars.

*Extract from Official Records of the General Assembly, Forty-fourth Session, Supplement No. 5A (A/44/5/Add.1), which also contains the report of the United Nations Board of Auditors on the UNDP financial statements for 1988.